

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
January 7, 2013 at 1:30 p.m.

1. Call to Order, Flag Salute and Roll Call

2. Election of Board Officers

- a. Nominations for President
Election of President
- b. Nominations for Vice President
Election of Vice President
- c. Nominations for Treasurer
Election of Treasurer
- d. Nominations for Secretary/Assistant Treasurer
Election of Secretary/Assistant Treasurer

3. Adoption and Adjustment of Agenda

4. Public Comment

Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.

5. Consent Calendar:

If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.

- A. Approval of the Minutes of the Regular Board Meeting, December 17, 2012*
(Page 3)
- B. Approval of the Minutes of the Finance and Budget Workshop, December 10, 2012* (Page 7)
- C. Approval of the Finance and Budget Workshop Report, December 10, 2012*
(Page 10)

6. Reports (Discussion and Possible Action)

- A. General Manager's Report
 - 1. Operations Report
 - 2. General Agency Updates
- B. Directors' Reports

7. New Business (Discussion and Possible Action)

- A. Consideration of Board Compensation Adjustment (Requested by Director Voigt)

8. Announcements

- A. Engineering Workshop, January 14, 2013 at 1:30 p.m.
- B. Office closed **Monday**, January 21, 2013 in observance of Martin Luther King, Jr. Day
- C. Regular Board Meeting, **Tuesday**, January 22, 2013 at 1:30 p.m.
- D. Finance and Budget Workshop, January 28, 2013 at 1:30 p.m.

9. Closed Session – Conference with Legal Counsel

- 1. Existing Litigation, Challenge to Federal District Court Decision Critical Habitat Determination, Santa Ana Sucker, Subdivision (a) of Section 54956.9
- 2. Anticipated Litigation, Subdivision (c) of Section 54956.9 (one case).

10. Consideration of Authorization to Contribute to Federal District Court Decision, Critical Habitat Determination, Santa Ana Sucker* (Page 11)

11. Adjournment

***Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: www.sgpwa.com (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
December 17, 2012

Directors Present: John Jeter, President
Bill Dickson, Vice President
Ron Duncan, Director (arrived at 1:50 p.m.)
Mary Ann Melleby, Treasurer
Ted Haring, Director
Ray Morris, Director

Directors Absent: Barbara Voigt, Director

Staff Present: Jeff Davis, General Manager
Thomas Todd, Jr., Finance Manager
Kenneth Falls, Operations and Maintenance Manager
Cheryle Rasmussen, Executive Assistant

- 1. Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President John Jeter at 1:30 p.m., December 17, 2012 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag.

President Jeter requested a moment of silence in remembrance of the twenty children and six teachers/staff that were slain by a lone gunman on December 14, 2012 at Sandy Hook Elementary School in Newtown, Connecticut.

President Jeter asked for roll call. All board members were present with the exception of Directors Duncan and Voigt. A quorum was present.

- 2. Adoption and Adjustment of the Agenda:** General Manager Davis stated that Director Voigt had requested item 6b be placed on the agenda. He recommended that in light of Director Voigt's absence that item 6b be moved until such time that Director Voigt requests to have this item on another board meeting agenda. Director Dickson made a motion, seconded by Director Melleby to remove item 6b from the agenda. The agenda was adopted as amended.
- 3. Public Comment:** President Jeter called upon Daniel Slawson for public comment. Mr. Slawson introduced himself to the Board stating that he is a newly elected board member for Beaumont Cherry Valley Water District. He briefed the Board on his profession and on his knowledge of the water industry. The Board congratulated Director Slawson. No other members of the public requested to speak at this time.

4. Consent Calendar:

- A. Approval of the Minutes of the Regular Board Meeting, December 3, 2012
- B. Approval of the Minutes of the Engineering Workshop, December 10, 2012

Director Dickson moved, seconded by Director Melleby to approve the items on the consent calendar as presented. Motion passed unopposed.

5. Reports:

A. General Manager's Report:

1. Operations Report: (a) General Manager Davis reported that the Agency delivered 473 acre-feet to Beaumont Cherry Valley Water District ponds and 75 acre-feet to Little San Geronio (LSG) Creek ponds for a total of 548 acre-feet so far this month. (b) The Pass area (with the exception of Calimesa) was impacted by a power outage last Tuesday for about a three-hour time period. Cherry Valley Pump Station was shut down due to the outage. Operations and Maintenance Manager Ken Falls bypassed CVPS thereby allowing water delivery for a portion of the time that the power was out. This particular incident gave staff the opportunity to discuss the need of a generator at the Agency's administration building should another event such as this one were to occur again; the conclusion was that a generator is not needed at this time. (c) Lake Oroville is up to 2.3 MAF of storage, this is up from 2.1 MAF just two weeks ago. This is 104% of historical average and 65% of capacity. San Luis Reservoir has ample storage available should there be a need to release water from Lake Oroville. (d) DWR has not yet raised the SWP water allocation, which is currently at 30%.

2. General Agency Updates: (a) **Thermalito Powerplant Damage** - General Manager Davis informed the Board of a massive fire that took place at the Thermalito powerplant. There is extensive equipment and structural damage and it is estimated to be out of service for at least two years. The Thermalito powerplant generates about 3-5% of the power generated by the SWP. The lost power will need to be purchased from a different source. (b) **ACWA Conference:** (1) General Manager Davis attended ACWA's 2012 Fall Conference that was held in San Diego from December 4th - 7th. He informed the Board that there are two vacancies on ACWA's Region 9 Board. ACWA will be submitting a letter requesting nominations to fill the board seats. General Manager Davis stated that once he is in receipt of the letter he will bring it to the board, at which time the board can determine if they would like to nominate anyone to fill the seats. The existing ACWA Region 9 Board will select the two new members. (2) General Manager Davis stated that reserves were a topic of discussion at the conference and that he will be discussing this issue with the board at tomorrow's Finance and Budget Workshop. (c) **EBX II Contract Extension:** General Manager Davis informed the Board that he has drafted a letter requesting financing EBX II through the sale of 30-year bonds. This letter is a joint letter which will be signed by the Agency and by SBVMWD. He stated that the letter also requests a written response in a timely manner. The letter will be submitted upon SBVMWD Board approval, which we should have by tomorrow. A copy of the letter will be provided to the Board members. General Manager Davis stated that he

will keep the Board updated on this item. **(d) New Elected Officials:** General Manager Davis provided a brief background on the following newly elected officials:

- Assemblyman – Brian Nestande (new to the Pass)
- Senator – Bill Emmerson (continuing)
- Congressman – Dr. Raul Ruiz (newly elected)

C. Director's Report:

1. **Director Melleby** extended her congratulations to Deborah Franklin, newly appointed mayor for the city of Banning. Director Melleby gave a report on ACWA's 2012 Fall Conference. The theme of the conference was on the new generation of water issues and water leaders. Director Melleby gave a summation on the seminars and committee meetings that she attended. 2. **Director Dickson** reported that he too attended the ACWA conference and was pleased with the speakers and topics. 3. **Director Haring** reported on the Pass Economic Development Association meeting that was held on December 14th – the guest speaker was Assemblyman Brain Nestande. 4. **Director Duncan** apologized for being late. He compared his experiences relating to the 2011 and 2012 ACWA conferences. He informed the board that he had requested to be part of a committee that the FBI is forming to address the threat of a cyber-attack on our water supply system. Director Duncan also reported on the BCVWD meeting that took place on December 12th, stating that the appointment of officers took place. 5. President Jeter commented on the joint EBX II extension letter that was written by General Manager Davis and General Manager Doug Headrick of SBVMWD. President Jeter stated that a letter had been written to DWR about two years ago, in which the Agency expressed the need to have a contract extension. He stated that a copy of the letter is available to the public upon request. 6. **Director Morris** reported that he attended the YVWD meeting and that the brineline is now complete.

6. New Business:

A. Consideration of Resolution No. 2012-15, Agency CEQA Guidelines: A staff report, a copy of Resolution No. 2012-15, and a copy of the 2012 Local Guidelines for Implementing the California Environmental Quality Act for SGPWA were included in the agenda packet. General Manager Davis stated the California Environmental Quality Act requires all public agencies in California to adopt their own local guidelines and that the attached CEQA Guidelines were reviewed by the board at the last Engineering workshop. General Manager Davis stated that in 1990 the Board adopted the State's CEQA guidelines as its own local guidelines. The purpose of adopting Resolution No. 2012-15 is to not only to put all guidelines in one place, but to also make it policy to fully comply with CEQA guidelines whenever applicable. A motion was made by Director Dickson, seconded by Director Morris approving Resolution No. 2012-15 as presented. Motion passed unopposed with Director Voigt absent.

B. Consideration of Board Pay Adjustment (Requested by Director Voigt): This item was removed from the agenda during adoption and adjustment of the agenda by unanimous consent of the Board.

7. **Topics for Future Agendas:** No topics were requested for future agendas.
8. **Announcements:**
- A. Finance and Budget Workshop, **Tuesday**, December 18, 2012 at 1:30 p.m.
 - B. The office will be closed December 24th & 25th in observance of the Christmas holiday
 - C. The office will be closed December 31st & January 1st in observance of the New Year's holiday
 - D. Regular Board Meeting, January 7, 2013 at 1:30 p.m.
9. **Adjournment:** The meeting adjourned at 2:15 p.m.

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

cmf

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
December 18, 2012

Directors Present: John Jeter, President
Mary Ann Melleby, Treasurer
Ron Duncan, Director
Ted Haring, Director
Barbara Voigt, Director

Directors Absent: Bill Dickson, Vice President
Ray Morris, Director

Staff and Consultants Present:
Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 1:30 p.m., December 18, 2012, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. President Jeter led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as presented.
3. **Public Comment:** There was no public comment at this time.
4. **New Business:**
President Jeter turned the meeting over to Director Voigt, Chair of the Finance & Budget Committee.
 - A. Ratification of Paid Invoices and Monthly Payroll for the Month of November, 2012 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Melleby, to recommend that the Board ratify paid monthly invoices of \$767,306.18 and payroll of \$32,191.21 for the month of November, 2012, for a combined total of \$799,497.39. The motion passed unopposed with Directors Dickson and Morris absent.
 - B. Review and Consideration of Pending Legal Invoices for November, 2012: Finance Manager Tom Todd handed out the list of pending invoices. After

review and discussion, a motion was made by Director Haring, seconded by Director Duncan, to recommend that the Board approve payment of the pending legal invoices for November, 2012. The motion passed unopposed with Directors Dickson and Morris absent.

- C. Review of November, 2012 Bank Reconciliation: After review and discussion, a motion was made by Director Melleby, seconded by President Jeter, to acknowledge receipt of the Wells Fargo bank reconciliation for November, 2012 as presented. The motion passed unopposed with Directors Dickson and Morris absent.
- D. Review of Budget Report for November, 2012: After review and discussion, a motion was made by Director Haring, seconded by Director Duncan, to acknowledge receipt of the Budget Report for November, 2012 as presented. The motion passed unopposed with Directors Dickson and Morris absent.
- E. Consideration of Proposed Budget Revision: The proposed budget revision subtracts \$50,000 from "New Water Rate Nexus Study" and adds \$30,000 to a new budget category named "Water Supply Update." General Manager Jeff Davis explained that the water rate nexus study will not be done this fiscal year, and that the water supply update is part of the newly accepted Strategic Plan. The effect on the budget will be a reduction of \$20,000 in General Fund expenditures. After review and discussion, a motion was made by Director Duncan, seconded by President Jeter, to recommend that the Board approve the proposed budget revision. The motion passed unopposed with Directors Dickson and Morris absent.
- F. Review of Reserves and Their Protection: General Manager Davis opened the discussion by reviewing some of the opinions expressed at the panel discussion about the safety of special district reserves that was held at the ACWA conference in San Diego on December 5, 2012. Finance Manager Todd handed out a copy of the latest Cash Reconciliation report for reference. The Board expressed some concern about the safety of Agency reserves and referred briefly to the Reserves Policy. After some discussion, the Board directed General Manager Davis and Finance Manager Todd to review the current reserves policy and investment policy, research possible investment alternatives that empathize safety of funds retention, and to report back to the Board at a future workshop with possible alternatives that might help protect the Agency's investments from being taken by action from the state legislature.
- G. Review of Reserves Policy: Discussion of this topic took place during the discussion about Reserves and Their Protection. No action was taken.
- H. Review of Investment Policy: Discussion of this topic took place during the discussion about Reserves and Their Protection. No action was taken.

5. **Announcements:** Director Voigt made the following announcements:
 - A. The office will be closed on December 24 and 25, 2012 for Christmas
 - B. The office will be closed on December 31, 2012 and January 1, 2013 for New Years Day
 - C. Regular Board Meeting, January 7, 2013 at 1:30 p.m.
 - D. Engineering Workshop, January 14, 2013 at 1:30 p.m.

6. **Adjournment:** The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 2:15 p.m.

Draft - Not Approved

Jeffrey W. Davis, Secretary of the Board

Finance and Budget Workshop Report

From Director Barbara Voigt, Chair of the Finance and Budget Committee

The Finance and Budget Workshop was held on December 18, 2012. The following recommendations were made:

1. The Board ratify payment of Invoices of \$767,306.18 and Payroll of \$32,191.21 as detailed in the Bank Register Report for Accounts Payable and the Bank Register Report for Payroll for November, 2012 for a combined total of \$799,497.39.

2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$3,463.05
Bingham McCutchen LLP	376.79

3. The Board acknowledge receipt of the following:

A. Wells Fargo bank reconciliation for November, 2012

B. Budget Report for November, 2012

4. The Board approve the following proposed budget revision for the FY2012-13 Budget: add a new line item in the General Fund, under General Engineering, called Water Supply Update, for \$30,000; delete New Water Rate Nexus Study, for \$50,000; total budget reduction of \$20,000.



380 East Vanderbilt Way
San Bernardino, CA 92408
P.O. Box 5906
San Bernardino, CA 92412-5906
phone: 909.387.9200 fax: 909.387.9247
www.sbvmd.com

January 2, 2013

Jeff Davis
General Manager and Chief Engineer
San Gorgonio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223-1506

SUBJECT: Participation in the Santa Ana Sucker Task Force

Dear Mr. Davis,

I am writing to request the Pass Agency's participation in the appeal of the Federal District Court decision regarding the Santa Ana sucker critical habitat designation. We currently have financial commitments of over \$500,000 ranging from \$1,000 to \$75,000 from the following agencies.

1. San Bernardino Valley Municipal Water District
2. Western Municipal Water District
3. City of Riverside Public Utilities
4. City of San Bernardino Municipal Water Department
5. San Bernardino Valley Water Conservation District
6. Big Bear Municipal Water District
7. East Valley Water District
8. Yucaipa Valley Water District
9. Riverside County Flood Control District
10. City of Redlands
11. Bear Valley Mutual Water Company/Crafton Water Company
12. Metropolitan Water District of Southern California
13. State Water Contractors Association

As you are aware, the lack of science and coordination by the Federal government in establishing the critical habitat has significant implications for water suppliers throughout the State and likely the Nation.

Board of Directors and Officers

MARK ALVAREZ
Division 1

GEORGE A. AGUILAR
Division 2

C.PATRICK MILLIGAN
Division 3

MARK BULOT
Division 4

STEVE COPELAN
Division 5

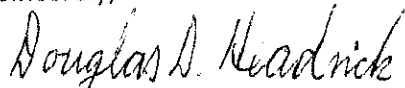
DOUGLAS D. HEADRICK
General Manager

The efforts of the Santa Ana sucker Task Force, made up of those agencies listed above, in this 3rd Phase, involves an appeal to the 9th Circuit Court and, if needed, to the US Supreme Court.

We appreciate the partnership of the Pass Agency in our recent efforts to provide comprehensive science-based comments on the Southwestern Willow Flycatcher critical habitat designation and respectfully request that your Board consider joining the Santa Ana sucker Task Force appeal process. Should the Pass Agency choose to join with us, I will have a copy of the Joint Prosecution Agreement signed by the other Task Force members prepared for your Board to consider.

Please contact me with any questions you or your Board may have.

Sincerely,



Douglas D. Headrick
General Manager



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Water agencies sue feds over habitat ruling

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BY BEN GOAD | STAFF WRITER | August 23, 2011; 09:38 PM | Comments (0)

A dozen Southern California Water Agencies filed a lawsuit Tuesday against the U.S. Fish and Wildlife Service over a habitat ruling officials say could threaten the water supplies of up to a million area residents and undermine the Inland area's water supply.

Environmental groups condemned the action, calling it an attack on the already imperiled Santa Ana sucker fish.

At issue is a December decision to increase the area designated as critical habitat for the threatened species to more than 9,300 acres in Riverside, San Bernardino and Orange counties. The previous critical habitat was around 8,300 acres, according to The Center for Biological Diversity.

A dozen Inland agencies have spent about \$2 million over the past decade studying and fighting restrictions related to the Santa Ana sucker, a native fish that lives in parts of the Santa Ana River and is threatened with extinction.

"The expanded critical habitat area for the Sucker is unnecessary and will assuredly lead to increased water costs for our customers," said Patrick Milligan, president of San Bernardino

Valley Municipal Water District, adding, "The decision was based on sloppy science and a flagrant disregard for the requirements of the Endangered Species Act and other federal laws."

Specifically, the water agencies accuse Fish and Wildlife of basing the decision on data and unpublished reports that were not peer reviewed and of failing to work with state and local agencies before making a final ruling, a requirement under federal Endangered Species Act.

The expanded habitat, Inland officials say, trigger increased federal protections that would hamper water collection, recycling and groundwater recharge operations, translating to a net loss of 125,800 acre-feet of water each year. That amounts to a third of the water supply used by a million residents in Riverside and San Bernardino counties.

U.S. Fish and Wildlife Service spokeswoman Jane Hendron said Tuesday afternoon that the agency had not yet seen a copy of the lawsuit and could not directly comment on ongoing litigation. However, she said the officials had conducted an extensive review process before finalizing the December designation.

That process included analysis of "all of the best scientific information," much of which, she said, was peer reviewed. The agency also took public comment on the plan and examined the potential economic impact of the designation. That analysis, however, came up with a less than definitive prediction of potential costs, which could range anywhere from \$1.2 million to \$36.2 million, she said.

The ruling comes as the region is attempting to reduce its dependence on water from the Sacramento-San Joaquin Delta, where similar efforts to protect the Delta smelt have constrained supplies, local officials said.

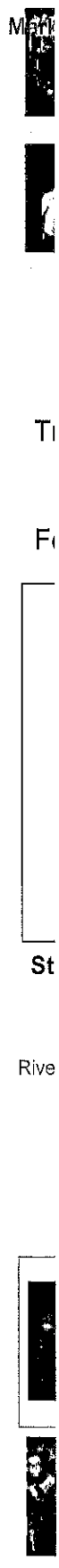
"Western and neighboring districts are working very hard to expand local water sources while at the same time joining forces with other agencies to help protect endangered species by nurturing existing habitats," said John Rossi, general manager of Western Municipal Water District in Riverside.

Some in the environmental community said the ruling is essential to protect the sucker, a small gray algae-eating fish.

"The current designation of critical habitat for the sucker is the bare minimum the species needs to survive," said Ileene Anderson, a biologist with the Center for Biological Diversity. "This lawsuit has nothing to do with the species and everything to do with developers and big agriculture wanting more than their fair share of water."

The center is considering filing a motion to formally intervene in the lawsuit, which was filed in U.S. District Court in Santa Ana.

WATER AGENCY LAWSUIT



The dozen Southern California Water Agencies that filed a lawsuit Tuesday against the U.S. Fish and Wildlife Service are:

Bear Valley Mutual Water Company in Redlands

Big Bear Municipal Water District

City of Redlands

City of Riverside

City of San Bernardino Municipal Water Department

East Valley Water District in Highland

Riverside County Flood Control and Water Conservation District

San Bernardino Valley Municipal Water District

San Bernardino Valley Water Conservation District

Western Municipal Water District in Riverside

West Valley Water District in Rialto

Yucaipa Valley Water District.



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